

By: Lucio III

H.B. No. 3308

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the formation of special districts for the purpose of  
3 storm mitigation and resiliency, energy, water, and indoor air  
4 utilizing private funding sources; providing thereto the ability of  
5 specific entities to use conduit financing; and establishing  
6 specific consumer protection provisions for residential property  
7 owners related to the program.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 SECTION 1. Chapter 400, Title 12, Subchapter C is added to  
10 read as follows:

11 Sec. 400.001 SHORT TITLE. This Chapter may be cited as the  
12 Storm Mitigation and Resiliency Financing Act.

13 Sec. 400.002 EXERCISE OF POWERS. In addition to the  
14 authority provided by Chapter 376 for municipalities, the governing  
15 body of a local government that establishes a program in accordance  
16 with the requirements provided by this act may exercise powers  
17 granted under this chapter. The establishment and operation of a  
18 program under this chapter by a local government is a governmental  
19 function for all purposes.

20 Sec. 400.003 LOCAL GOVERNMENT AUTHORIZATION. The  
21 governing body of a local government may determine that it is  
22 convenient and advantageous to establish a program under this  
23 chapter to create districts to facilitate the use of conduit  
24 financing for improvements to harden structures and mitigate the

1 impacts of weather-related events, flooding and fires; or provide  
2 improvements which increase the energy and water efficiency, by  
3 owners of certain residential real property; to provide for the  
4 financing of such programs through voluntary property assessments,  
5 commercial lending, and other means.

6 Sec. 400.004 ISSUANCE OF BONDS. A local government shall be  
7 authorized to issue bonds, notes, and other evidences of  
8 indebtedness and to pay the cost of authorized financing from the  
9 proceeds thereof; to provide for the repayment of bonds, notes, and  
10 other evidences of indebtedness; to authorize certain fees; to  
11 prescribe the powers and duties of certain governmental officers  
12 and entities; and to provide for remedies.

13 (a) Bonds or notes issued under this section may not be  
14 general obligations of the local government. The bonds or notes  
15 must be secured by one or more of the following as provided by the  
16 governing body of the local government in the resolution or  
17 ordinance approving the bonds or notes:

18 (1) payments of contractual assessments on benefited  
19 property in one or more specified regions designated under this  
20 chapter;

21 (2) reserves established by the local government from  
22 grants, bonds, or net proceeds or other lawfully available funds;

23 (3) municipal bond insurance, lines of credit, public  
24 or private guaranties, standby bond purchase agreements,  
25 collateral assignments, mortgages, or any other available means of  
26 providing credit support or liquidity; and any other funds lawfully  
27 available for purposes consistent with this chapter.

1        (b) Bonds or notes issued under this chapter further an  
2 essential public and governmental purpose, including, but not  
3 limited to:

4            (1) Preservation of private property against natural  
5 disasters and wildfires

6            (2) conservation of state water resources consistent  
7 with the state water plan;

8            (3) reduction of energy costs;

9            (4) economic stimulation and development;

10           (5) enhancement of property values; or

11           (6) enhancement of employment opportunities.

12        Sec. 400.005 ESTABLISHMENT OF A DISTRICT. As provided  
13 in this Chapter the local government may enter into a contract with  
14 the record owner of property within a district to finance one or  
15 more qualified projects on the property. The contract may provide  
16 for the repayment of the cost of a project through assessments on  
17 the property benefited. The financing or refinancing may include  
18 the cost of materials and labor necessary for installation and of  
19 permit fees, inspection fees, application and administrative fees,  
20 bank fees, application, administration, and other program fees, and  
21 all other fees that may be incurred by the record owner pursuant to  
22 the installation on a specific or pro rata basis, as determined by  
23 the local unit of government.

24        (a) Any combination of local governments may agree to  
25 jointly implement or administer a program under this chapter,  
26 including entering into an interlocal contract under Chapter 791,  
27 Government Code, to jointly implement or administer a program.

1       (b) If two or more local governments implement a program  
2 jointly, a single public hearing held jointly by the cooperating  
3 local governments is sufficient to satisfy the establishment  
4 requirements.

5       (c) One or more local governments may contract with a third  
6 party, including another local government, to administer a program.  
7 Local governments that are parties to an interlocal contract  
8 described by Subsection (a) may contract with an entity listed in  
9 Section 791.013, Government Code, for program administration.

10       (d) A local government that establishes a region under this  
11 chapter may not:

12       (1) make the issuance of a permit, license, or other  
13 authorization from the local government to a person who owns  
14 property in the region contingent on the person entering into a  
15 written contract to repay the financing of a qualified project  
16 through contractual assessments under this chapter; or,

17       (2) otherwise compel a person who owns property in the  
18 region to enter into a written contract to repay the financing of a  
19 qualified project through contractual assessments under this  
20 chapter.

21       (e) The members of the governing body of a local government,  
22 other elected officials of a local government, employees of a local  
23 government, and board members, executives, employees, and  
24 contractors of a third party who enter into a contract with a local  
25 government to provide administrative services for a program under  
26 this chapter are not personally liable as a result of exercising any  
27 rights or responsibilities granted under this chapter.

1       Sec. 400.006 ESTABLISHMENT OF A REGION. (a) The governing  
2 body of a local government may determine that it is convenient and  
3 advantageous to designate an area of the local government as a  
4 region within which the authorized representative of the local  
5 government and record owners of real property may enter into  
6 written contracts to impose assessments to repay the financing by  
7 owners of qualified projects on the owners' property and, if  
8 authorized by the local government program, finance the qualified  
9 project.

10       (b) An area designated as a region by the governing body of a  
11 local government under this section:

12               (1) may include the entire local government; and

13               (2) must be located wholly within the local  
14 government's jurisdiction.

15       (c) For purposes of determining a municipality's  
16 jurisdiction under Subsection (b)(2), the municipality's  
17 extraterritorial jurisdiction may be included.

18       (d) A local government may designate more than one region.  
19 If multiple regions are designated, the regions may be separate,  
20 overlapping, or coterminous.

21       Sec. 400.007 ESTABLISHMENT OF A PROGRAM.

22       (a) To establish a program under this chapter, the governing  
23 body of a local government must take the following actions in the  
24 following order:

25               (1) adopt a resolution of intent that includes:

26                       (A) a finding that, if appropriate, financing  
27 qualified projects through contractual assessments is a valid

1 public purpose;

2 (B) a statement that the local government intends to  
3 make contractual assessments to repay financing for qualified  
4 projects available to property owners;

5 (C) a description of the types of qualified projects  
6 that may be subject to contractual assessments;

7 (D) a description of the boundaries of the region;

8 (E) a description of any proposed arrangements for  
9 third-party financing to be available or any local government  
10 financing to be provided for qualified projects;

11 (F) a description of local government debt servicing  
12 procedures if third-party financing will be provided and  
13 assessments will be collected to service a third-party debt;

14 (G) a reference to the required report on the proposed  
15 program and a statement identifying the location where the report  
16 is available for public inspection;

17 (H) a statement of the time and place for a public  
18 hearing on the proposed program; and

19 (I) a statement identifying the appropriate  
20 representative of the local government and the appropriate  
21 assessor-collector for purposes of consulting regarding collecting  
22 the proposed contractual assessments imposed on the assessed  
23 property;

24 (2) hold a public hearing at which the public may comment on  
25 the proposed program; and

26 (3) adopt a resolution establishing the program and the  
27 terms of the program, including:

1       (A) a description of each aspect of the program that may be  
2 amended only after another public hearing is held.

3       (b) For purposes of Subsection (a)(3)(A), the resolution  
4 may incorporate the report or the amended version of the report, as  
5 appropriate, by reference.

6       (c) Subject to the terms of the resolution establishing the  
7 program as referenced by Subsection (a)(3)(B), the governing body  
8 of a local government may amend a program by resolution.

9       (d) A local government may:

10           (1) hire and set the compensation of a program  
11 administrator and program staff; or

12           (2) contract for professional services necessary to  
13 administer a program.

14       (e) A local government may impose fees to offset the costs  
15 of administering a program. The fees authorized by this subsection  
16 may be assessed as:

17           (1) a program application fee paid by the property  
18 owner requesting to participate in the program expressed as a set  
19 amount, a percentage of the amount of the assessment, or in any  
20 other manner;

21           (2) a component of the interest rate on the assessment  
22 in the written contract between the local government and the  
23 property owner; or

24           (3) a combination of Subdivisions (1) and (2).

25       (f) A report for a proposed program shall be prepared by the  
26 local government and include the following:

27           (1) a map showing the boundaries of the proposed

1 region;  
2           (2) a form contract between the local government and  
3 the property owner specifying the terms of:  
4           (A) assessment under the program; and  
5           (B) financing provided by a third party or the  
6 local government, as appropriate;  
7           (3) if the proposed program provides for third-party  
8 financing, a form contract between the local government and the  
9 third party regarding the servicing of the debt through  
10 assessments;  
11           (4) a description of types of qualified projects that  
12 may be subject to contractual assessments;  
13           (5) a statement identifying a local government  
14 representative authorized to enter into written contracts on behalf  
15 of the local government;  
16           (6) a plan for ensuring sufficient capital for  
17 third-party financing;  
18           (7) if bonds will be issued to provide capital to  
19 finance qualified projects as part of the program as provided by  
20 this Chapter:  
21           (A) a maximum aggregate annual dollar amount for  
22 financing through contractual assessments to be provided by the  
23 local government under the program;  
24           (B) a method for ranking requests from property  
25 owners for financing through contractual assessments in priority  
26 order if requests appear likely to exceed the authorization amount;  
27 and

1           (C) a method for determining:

2                   (i) the interest rate and period during  
3 which contracting owners would pay an assessment; and

4                   (ii) the maximum amount of an assessment;

5           (8) a method for ensuring that the period of the  
6 contractual assessment does not exceed the useful life of the  
7 qualified project that is the basis for the assessment;

8           (9) a description of the application process and  
9 eligibility requirements for financing qualified projects to be  
10 repaid through contractual assessments under the program;

11           (10) a method as prescribed by Subsection (b) for  
12 ensuring that property owners requesting to participate in the  
13 program demonstrate the financial ability to fulfill financial  
14 obligations to be repaid through contractual assessments;

15           (11) a statement explaining the manner in which  
16 property will be assessed and assessments will be collected;

17           (12) a description of marketing and participant  
18 education services to be provided for the program;

19           (13) a description of quality assurance and antifraud  
20 measures to be instituted for the program; and

21           (14) the procedures for collecting the proposed  
22 contractual assessments.

23           Sec. 400.008 DEFINITIONS. For purposes of this program:

24           (a) "Local government" means a municipality, county,  
25 council of government.

26           (b) "Program" means a program established under this  
27 chapter.

1       (c) "Program Administrator" means a joint-powers authority,  
2 state agency with the authority to issue bonds as defined under this  
3 chapter, or a regional council of governments acting within its  
4 jurisdictional boundaries.

5       (c) "Qualified improvement" means a permanent improvement  
6 fixed to real property and intended to assist in mitigating damage  
7 caused by the impacts of weather-related events, flooding and  
8 fires; decrease water or energy consumption or demand.

9       (d) "Qualified project" means the installation or  
10 modification of a qualifying improvement.

11       (e) "Residential Real property" means any of the following:

12       (1) properties with 1-4 living units (may include single  
13 family, townhome, PUD, duplex, triplex, and 4-plex)

14       (2) manufactured homes that have supportive documentation  
15 showing they have foundations or are permanently affixed and taxed  
16 as real property.

17       (f) "Qualifying improvement" includes any:

18       (1) Energy conservation and efficiency improvement, which  
19 is a measure to reduce consumption through conservation or a more  
20 efficient use of electricity, natural gas, propane, or other forms  
21 of energy on the property, including, but not limited to, air  
22 sealing; installation of insulation; installation of  
23 energy-efficient heating, cooling, or ventilation systems;  
24 building modifications to increase the use of daylight; replacement  
25 of windows; installation of energy controls or energy recovery  
26 systems; and installation of efficient lighting equipment.

27       (2) Weather and Fire resistance improvements, which

1 includes, but is not limited to:

2 (a) Improving the strength of the roof deck attachment;

3 (b) Creating a secondary water barrier to prevent water  
4 intrusion;

5 (c) Installing wind-resistant shingles;

6 (d) Installing gable-end bracing;

7 (e) Reinforcing roof-to-wall connections;

8 (f) Installing storm shutters; or

9 (g) Installing opening protections.

10 (h) Installing lightning protection devices and  
11 whole-structure surge protection systems.

12 (3) Wastewater treatment improvement, which includes, but  
13 is not limited to the replacement or improvement of an onsite sewage  
14 treatment and disposal system with an advanced onsite treatment and  
15 disposal system or technology or the replacement of an onsite  
16 sewage treatment and disposal system with a central sewage system.

17 (4) Flood and water damage mitigation and resiliency  
18 improvement, which includes, but not limited to projects and  
19 installation for the raising of a structure above the base flood  
20 elevation to reduce flood damage; A flood diversion apparatus  
21 and/or sea wall improvement, which includes seawall repairs and  
22 seawall replacements; Flood damage resistant building materials;  
23 Electrical, mechanical, plumbing, or other system improvements  
24 that reduce flood damage; or, Other improvements that qualify for  
25 reductions in flood insurance premiums.

26 (5) Environmental health improvement, which is an  
27 improvement or measure intended to mitigate harmful environmental

1 health effects to property occupants, including, but not limited to  
2 measures that do any of the following:

3 Mitigate the presence of lead, heavy metals, polyfluoroalkyl  
4 substance (PFAS) contamination, or other harmful contaminants in  
5 potable water systems. Improvements may include, but are not  
6 limited to, conversion of well water to municipal water systems,  
7 replacing lead water service lines, or installing water filters;  
8 Mitigate lead paint contamination in residential housing built  
9 before 1978; and, Mitigate indoor air pollution or contaminants,  
10 including, but not limited to, particulate matter (PM), viruses,  
11 bacteria, and mold.

12 Sec. 400.009 PROGRAM ELIGIBILITY. The method for ensuring  
13 a demonstration of financial ability of the residential property  
14 owner to participate in the program must be based on appropriate  
15 underwriting factors, including:

16 (a) providing for verification that:

17 (1) the property owner requesting to participate under the  
18 program:

19 (A) is the legal owner of the benefited property;

20 (B) is current on mortgage and property tax payments; and

21 (C) is not insolvent or in bankruptcy proceedings; and

22 (2) the title of the benefited property is not in dispute;

23 and

24 (3) requiring an appropriate ratio of the amount of the  
25 assessment to the assessed value of the property.

26 (b) The local government shall make the report available for  
27 public inspection:

1 (1) on the local government's Internet website; and

2 (2) at the office of the representative designated to enter  
3 into written contracts on behalf of the local government under the  
4 program.

5 Sec. 400.010 LIENS.

6 (a) A contractual assessment under this chapter and any  
7 interest or penalties on the assessment:

8 (1) is a first and prior lien against the real property on  
9 which the assessment is imposed from the date on which the notice of  
10 contractual assessment is recorded as provided by this Chapter and  
11 until the assessment, interest, or penalty is paid; and

12 (2) has the same priority status as a lien for any other ad  
13 valorem tax.

14 (b) After the notice of a contractual assessment is recorded  
15 as provided under this Chapter, the lien may not be contested on the  
16 basis that the improvement is not a qualified improvement, or the  
17 project is not a qualified project.

18 (c) The lien runs with the land, and that portion of the  
19 assessment under the assessment contract that has not yet become  
20 due is not eliminated by foreclosure of a property tax lien.

21 (d) The assessment lien may be enforced by the local  
22 government in the same manner that a property tax lien against real  
23 property may be enforced by the local government to the extent the  
24 enforcement is consistent with Section 50, Article XVI, Texas  
25 Constitution.

26 (e) Delinquent installments of the assessments incur  
27 interest and penalties in the same manner as delinquent property

1 taxes.

2 (f) A local government may recover costs and expenses,  
3 including attorney's fees, in a suit to collect a delinquent  
4 installment of an assessment in the same manner as in a suit to  
5 collect a delinquent property tax.

6 Sec. 400.011. CONTRACT FOR COLLECTION OF ASSESSMENTS; NO  
7 PERSONAL LIABILITY.

8 (a) The governing body of a local government may contract  
9 with the governing body of another taxing unit, as defined by  
10 Section 1.04, Tax Code, or another entity, including a county  
11 assessor-collector, to perform the duties of the local government  
12 relating to collection of assessments imposed by the local  
13 government under this chapter.

14 (b) A county assessor-collector who performs the duties of a  
15 local government relating to collection of assessments imposed by a  
16 local government under this chapter is not personally liable as a  
17 result of exercising those duties under this chapter.

18 Sec. 400.012 CONSUMER PROTECTIONS. In order to protect the  
19 property owners' interest each program administrators under this  
20 Chapter shall provide the following:

21 (a) Financial Disclosures. Provide a financing estimate and  
22 disclosure to the qualifying residential real property owner  
23 entering into an assessment financing contract that includes:

24 (1) The total amount estimated to be funded including the  
25 cost of the qualifying improvements, program fees, and capitalized  
26 interest, if any;

27 (2) The annual estimated payment amount;

1       (3) The term of the assessment;

2       (4) The fixed interest charged and estimated annual  
3 percentage rate;

4       (5) The qualifying improvement(s);

5       (6) A disclosure that if the property owner sells or  
6 refinances their property, the property owner may be required by a  
7 mortgage lender to pay off the assessment as a condition of sale or  
8 refinancing;

9       (7) A disclosure that the assessment will be collected along  
10 with the property owner's property taxes and will result in a lien  
11 on their property from the date of the assessment contract; and,

12       (8) A disclosure that failure to pay the assessment may  
13 result in penalties and fees, along with the issuance of a tax  
14 certificate that could result in the property owner losing the  
15 home.

16       (b) Confirmation Call. Complete, with a qualifying  
17 residential real property owner or an authorized representative of  
18 a qualifying residential real property owner, an oral confirmation  
19 call in plain language via a live telephone call, which shall be  
20 recorded in an audio format in accordance with Texas law. A  
21 voicemail to the qualifying residential real property owner will  
22 not satisfy this requirement. As part of this call, the following  
23 shall be included:

24       (1) Confirm that at least one qualifying residential real  
25 property owner has access to a copy of the assessment contract and  
26 financing estimates and disclosures;

27       (2) Ask the qualifying residential real property owner if

1 they would like to communicate primarily in a language other than  
2 English;

3 (3) Confirm with the qualifying residential real property  
4 owner the following:

5 (A) The qualifying improvement(s) being financed;

6 (B) The total estimated annual costs the qualifying  
7 residential real property owner will have to pay under the  
8 assessment contract including applicable fees;

9 (C) The total estimated average monthly equivalent amount  
10 of funds the qualifying residential real property owner would have  
11 to save in order to pay the annual costs of the assessment including  
12 applicable fees;

13 (D) The estimated date the qualifying residential real  
14 property owner's first assessment related property tax payment will  
15 be due;

16 (E) The term of the assessment contract;

17 (F) That payments for the assessment contract will cause the  
18 qualifying residential real property owner's annual tax bill to  
19 increase, that payments will be made through an additional annual  
20 assessment on the property, and will be paid either directly to the  
21 county tax collector's office as part of the total annual secured  
22 property tax bill or may be paid through the qualifying residential  
23 real property owner's mortgage impound (escrow) account;

24 (G) That the qualifying residential property owner has  
25 disclosed whether the property has received or is seeking  
26 additional program assessments and has disclosed all other  
27 assessments or special taxes that are or about to be placed on the

1 property;

2 (H) That the property will be subject to a lien during the  
3 term of the assessment contract and that the obligations under the  
4 agreement may be required to be paid in full before the qualifying  
5 residential real property owner sells or refinances the property;

6 (I) That any potential utility or insurance savings are not  
7 guaranteed and will not reduce the assessment payments or total  
8 assessment amount;

9 (J) That the Administrator or contractor do not provide tax  
10 advice and that the qualifying residential real property owner  
11 should seek professional tax advice if he or she has questions  
12 regarding tax credits, tax deductibility, or other tax impacts of  
13 the qualifying improvements or the assessment contract.

14 (c) Confirmation of Completion. Before disbursing all funds  
15 for qualifying improvements on qualifying residential real  
16 property to either a licensed contractor in the State of Texas  
17 performing work under the program or the residential property  
18 owner, the Administrator shall first confirm the work has been  
19 completed, either through written certification from the property  
20 owner, a recorded telephone call with the property owner, or a site  
21 inspection through a third party means.

22 (d) No Disclosure of maximum assessment financing. A local  
23 government or program Administrator shall not directly disclose the  
24 maximum assessment financing amount a qualifying residential real  
25 property owner is eligible for to any contractor or to any third  
26 party engaged in soliciting a assessment contract from a qualifying  
27 residential real property owner.

1       (e) Three Day Right to Cancel - The qualifying residential  
2 real property owner shall be given the right to cancel the  
3 assessment contract within no less than three business days after  
4 signing the assessment contract without any financial penalty for  
5 doing so.

6       Sec. 400.013 PROHIBITED FINANCING.

7       (a) The term of the assessment contract shall not exceed the  
8 useful life of the qualifying improvement being installed or the  
9 weighted average useful life of all qualifying improvements being  
10 financed if multiple qualifying improvements are being financed. In  
11 either case the financing term shall not exceed 30 years.

12       (b) A program Administrator shall not offer assessment  
13 financing on qualifying residential real property that includes one  
14 or more of the following:

15           (1) Negative amortization schedule

16           (2) Balloon payments, or

17           (3) Pre-payment fees (other than nominal administrative  
18 costs).

19           (4) No reverse mortgages (HECM)

20           (5) No assessment on properties gifted to borrowers by  
21 charitable organizations

22       Sec. 400.014. FINANCING REQUIREMENTS. Before a qualifying  
23 residential real property owner enters into an assessment contract,  
24 the program Administrator shall reasonably determine the property  
25 owner has an ability to pay the estimated annual assessment and the  
26 property meets the minimum eligibility criteria including the  
27 following:

1           (a) Utilize commercially reasonable standards to  
2 determine the real property owner's ability to repay.

3           (b) Less than 20% of property value for the first \$700k  
4 (inclusive of existing assessments, capitalized interest and fees)  
5 plus <10% of property value for amounts above \$700k.

6           (c) All debt secured by the property may not exceed 90% of  
7 the Property's fair market value ("FMV"), at the time the  
8 application is submitted. Residential property owners shall have a  
9 minimum of 10% equity in the subject property prior to receiving  
10 financing through the Program. The max loan-to-value of the  
11 residential property, inclusive of mortgage debt and assessments at  
12 time of financing may not exceed 100% of FMV. The sum of all debt  
13 secured by the subject Property, the new assessment and all  
14 involuntary liens as described herein must not exceed the  
15 Property's market value.

16           (d) Mortgages must be current with no more than 1 x 30 day  
17 late in the past 6 months or period of ownership whichever is  
18 shorter.

19           (e) The total amount of any annual property taxes and  
20 assessments, including all assessments under this Chapter shall not  
21 exceed twenty percent (20%) of the Property's FMV.

22           (f) Property tax payments for the property must be current  
23 and the homeowner must certify that there is no more than one late  
24 payment for the shorter of the previous three years or since the  
25 present homeowner acquired the Property, whichever period is  
26 shorter.

27           (g) The Property must not have any involuntary liens with a

1 balance greater than one thousand Dollars (\$1,000.00) or notices of  
2 default currently recorded that have not been rescinded.

3 (h) The residential property owner may not currently be in  
4 bankruptcy or in forbearance.

5 Sec. 400.015 CONTRACTOR REQUIREMENTS. Minimum contractor  
6 requirements include:

7 (a) Contractor Licensing, Bonding and Insurance - A program  
8 Administrator shall not provide payment to either the contractor  
9 offering assessment financing on qualifying residential real  
10 property or the contracting residential property owner on an  
11 assessment financing project unless all of the following  
12 requirements are met:

13 (1) The contractor maintains in good standing an  
14 appropriate license from the State of Texas, if applicable, as well  
15 as any other permits, licenses, or registrations required for  
16 engaging in its business in the jurisdiction where it operates and  
17 maintains all state required bond and insurance coverage.

18 (2) The program Administrator obtains the State-licensed  
19 contractor's written agreement that they and/or relevant third  
20 parties will act in accordance with applicable advertising and  
21 marketing laws and regulations and all other applicable laws.

22 (b) Contractor Application Review, Approval, and Onboarding  
23 Processes. A program enacted under this Chapter within the State,  
24 shall maintain processes for qualifying eligible State-licensed  
25 contractors that include the following reasonable review of the  
26 following for each contractor:

27 (1) Relevant work/project history,

1       (2) Financial and reputational background checks,  
2       (3) Criminal background checks, and  
3       (4) Status on Better Business Bureau and/or other online  
4 platforms that track contractor reviews.

5       400.016 PROHIBITED MARKETING AND COMMUNICATIONS PRACTICES.

6 Under this Chapter:

7       (a) A local government, program Administrator, or any  
8 contractor within the State of Texas are prohibited from the  
9 following:

10       (1) Suggesting or implying in any way that assessment  
11 financing is a government assistance program,

12       (2) Suggesting or implying that qualifying improvements are  
13 free or that assessment financing is a free program, or

14       (3) Suggesting or implying that financing qualifying  
15 improvements using the program does not require the property owner  
16 to repay the financial obligation.

17       (b) No Tax Advice. A local government, program  
18 administrator, or contractor shall not make any representation as  
19 to the tax deductibility of an assessments on qualifying  
20 residential real property. A local government, administrator, or  
21 contractor may encourage property owners to seek the advice of a tax  
22 professional regarding tax matters related to assessments.

23       (c) Project Pricing. Contractors shall not present a higher  
24 price for a project on qualifying residential real property  
25 financed by an assessment contract than the contractor would  
26 otherwise reasonably present if the project were not being financed  
27 through an assessment contract.

1 SECTION 2. This Act takes effect September 1, 2021.